Global Cable: Market trends & business models

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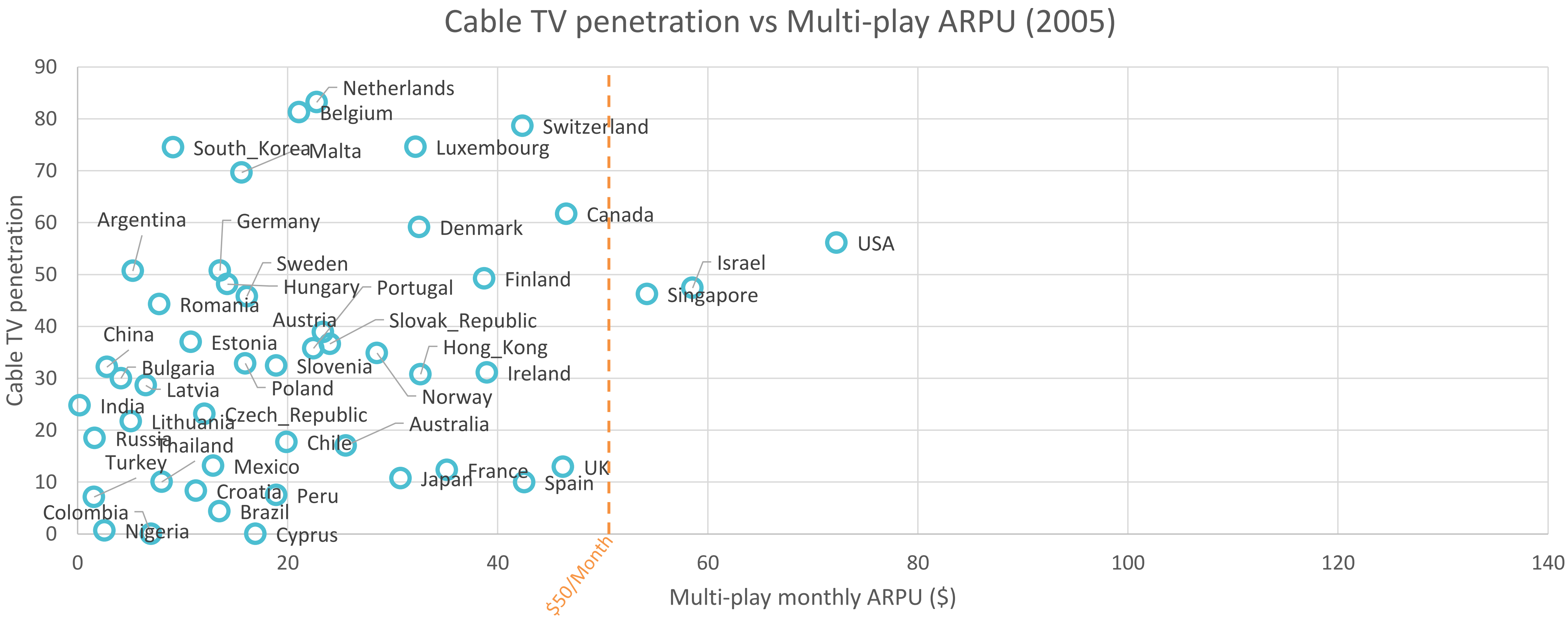
January 2018

2005: Cable TV drove market with multiple high penetration/low ARPU markets



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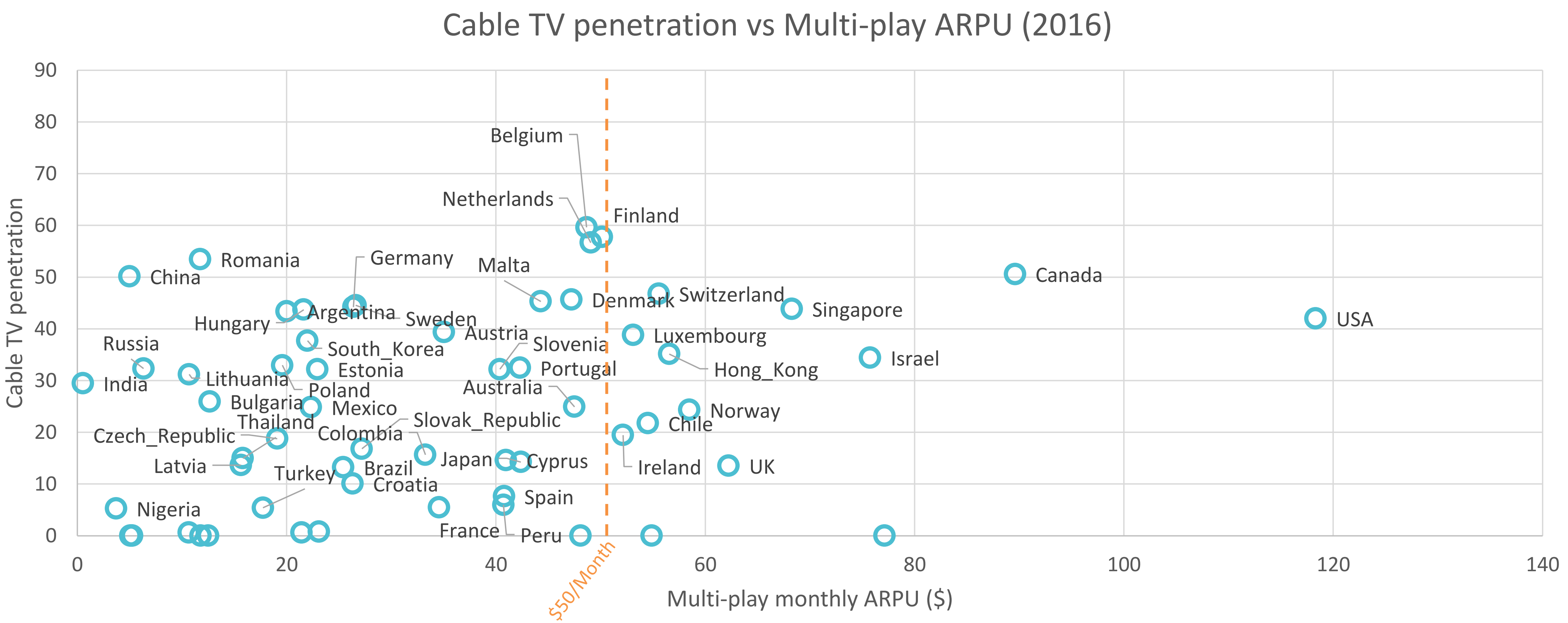
Today, penetration has dropped, but ARPU has grown substantially



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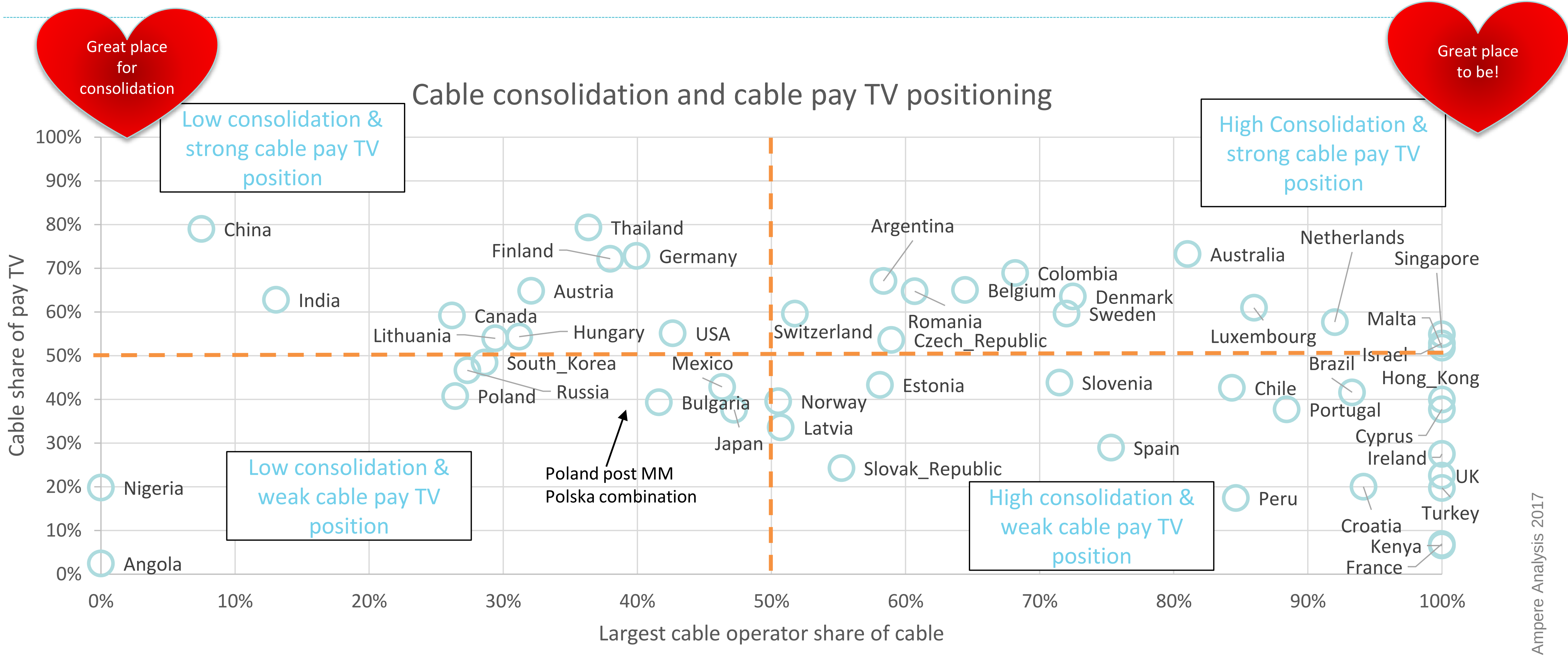
Consolidation monitor: Largest cable co share of cable TV RGUs by country



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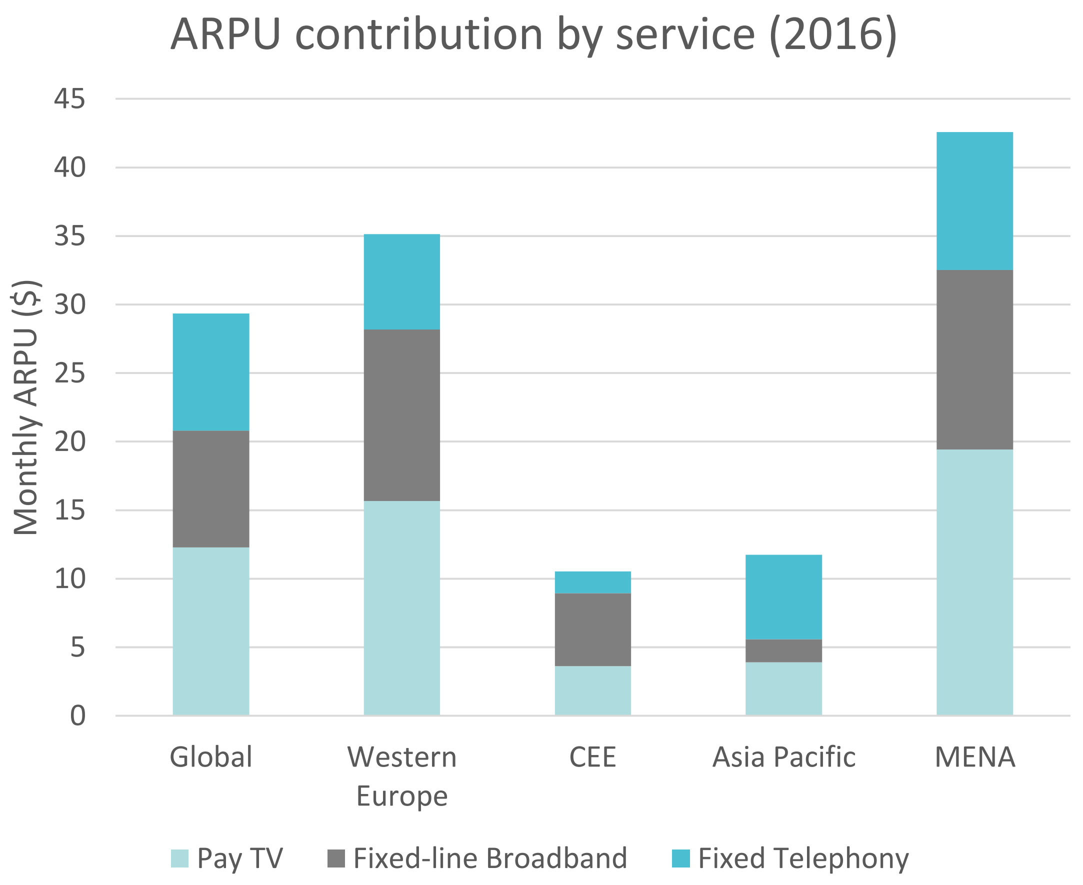
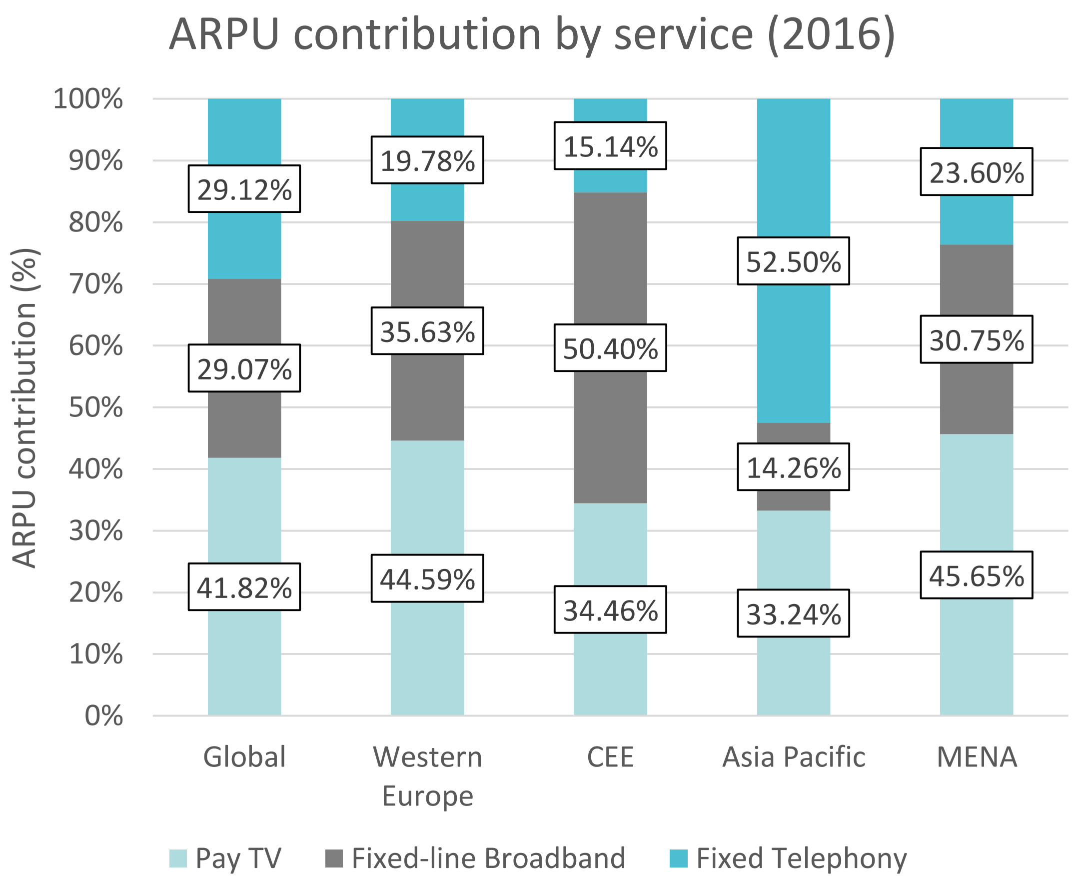
Broadband: key ARPU contributor = to 50% of blended average income in CEE





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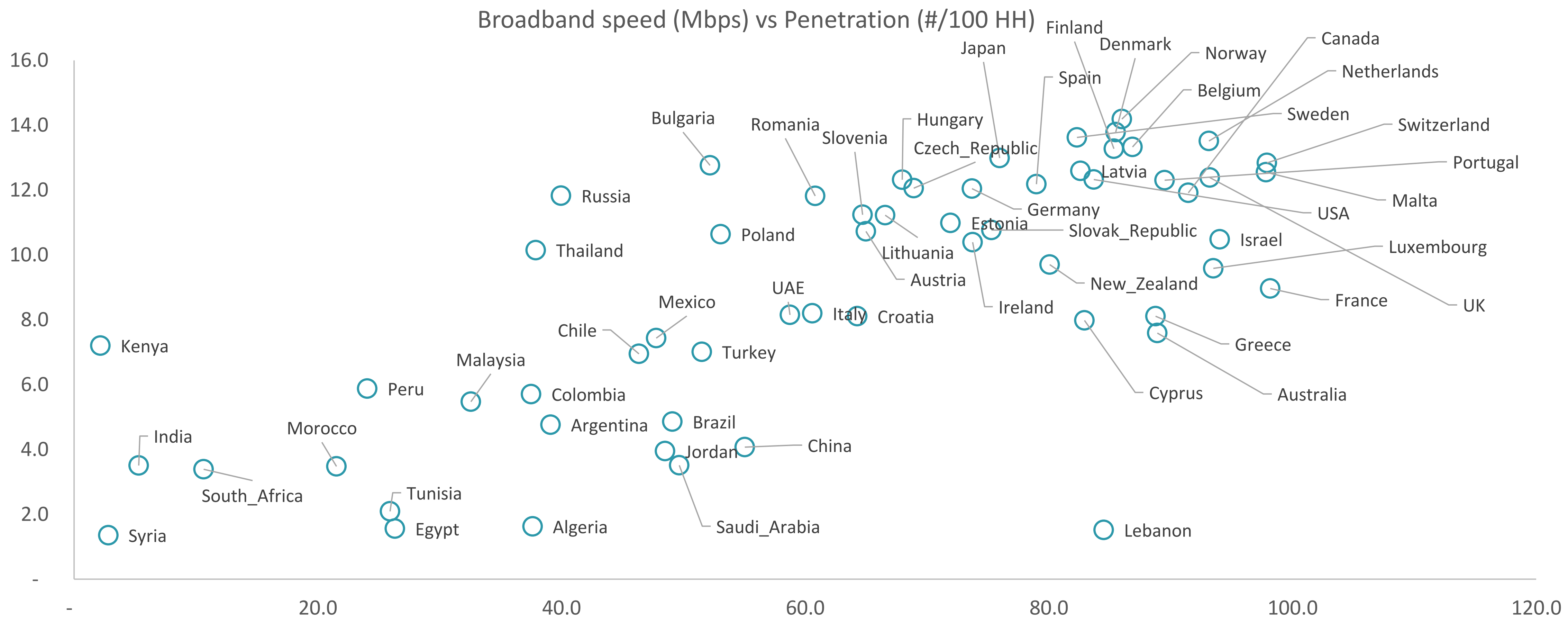
Broadband speed and penetration are largely in step around the world



Analysis based on Ampere Analysis and Akamai State of the Internet

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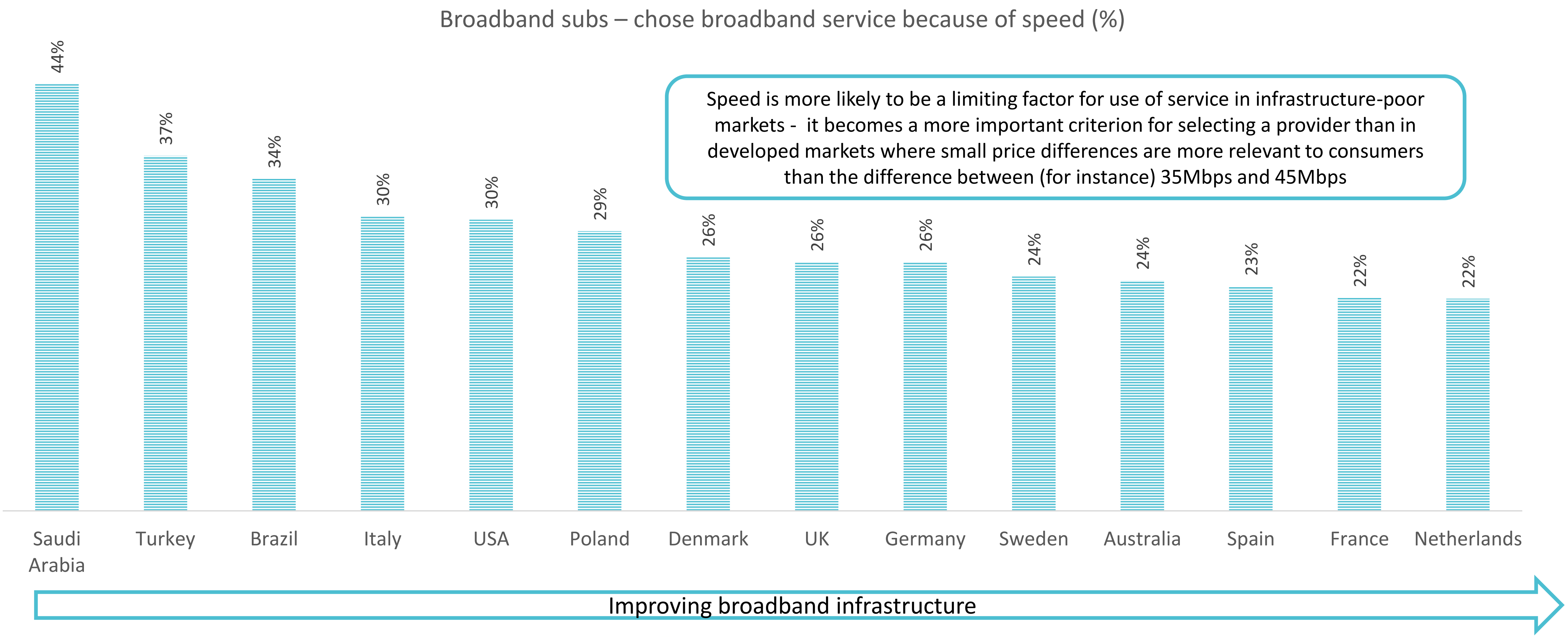
But speed becomes less important to consumers once it reaches a certain rate



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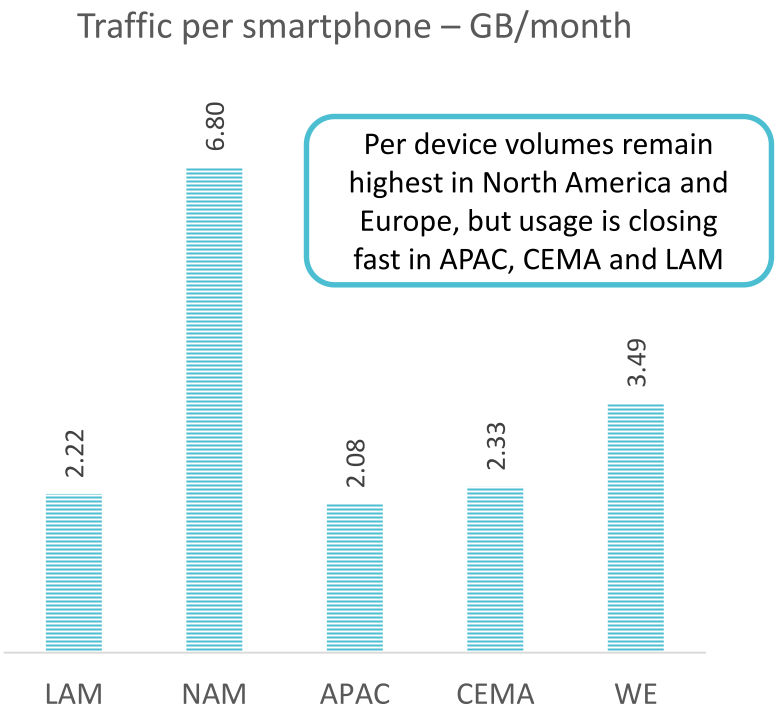
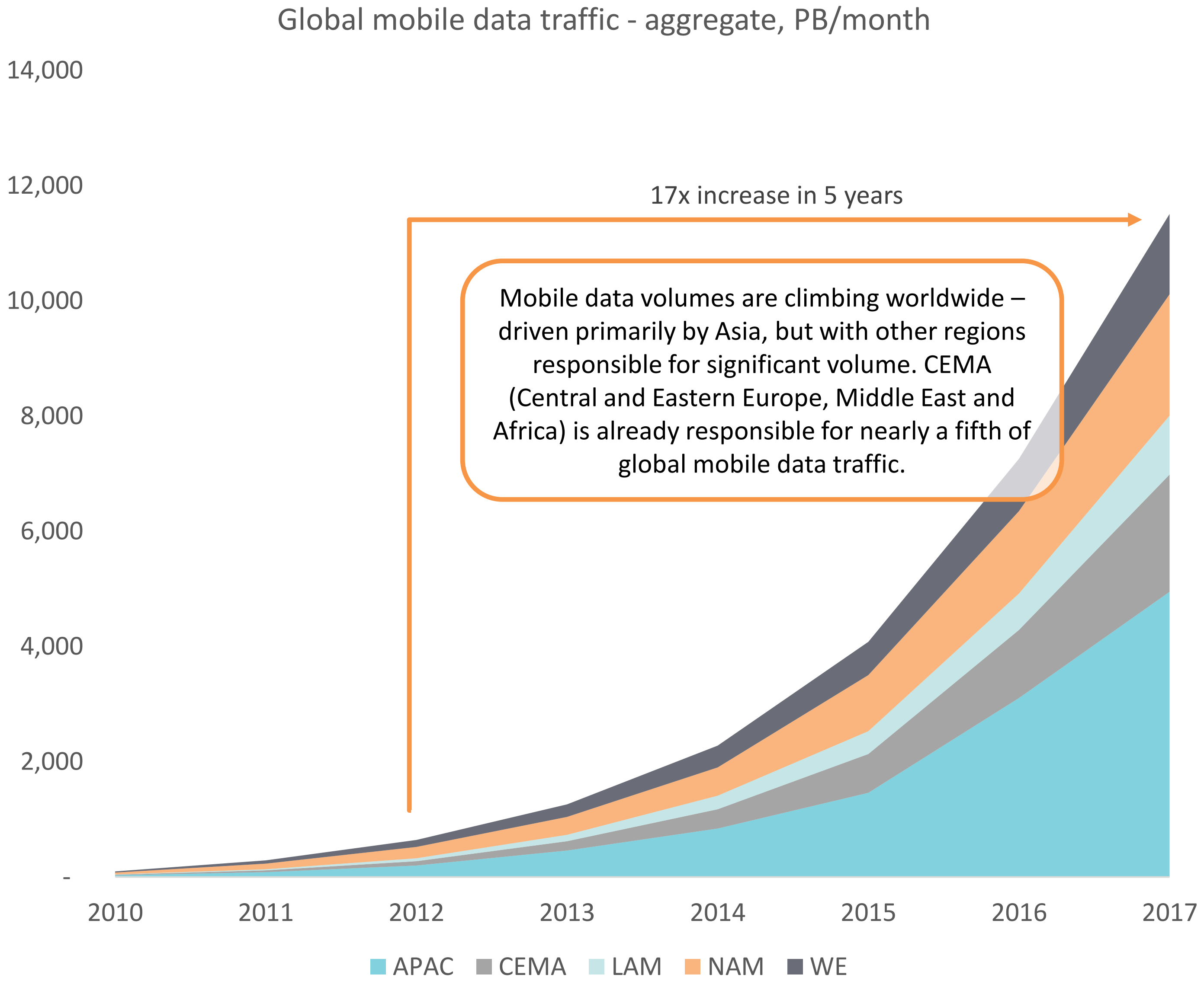
Mobile data usage is growing rapidly in fixed infrastructure-poor markets





Source: Ericsson Mobility

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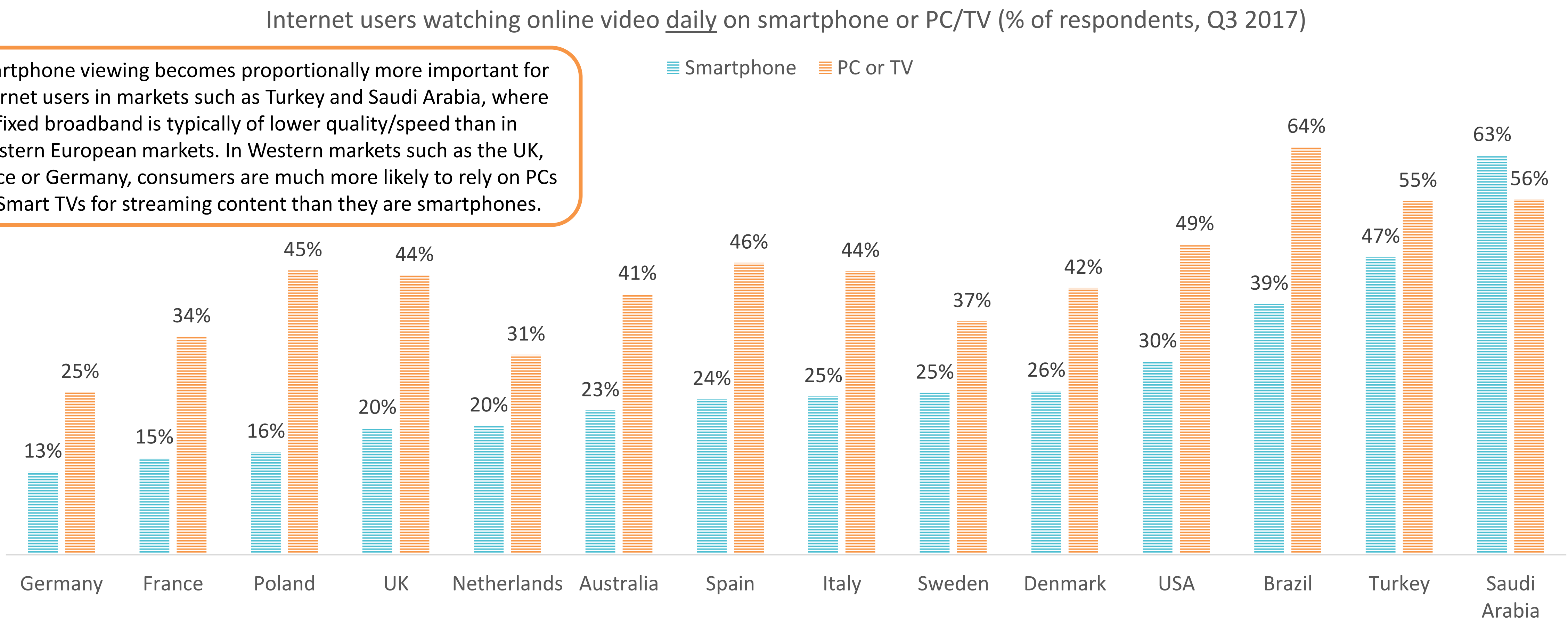
And this infrastructure variation reflected in online video viewing medium

Smartphone viewing becomes proportionally more important for Internet users in markets such as Turkey and Saudi Arabia, where fixed broadband is typically of lower quality/speed than in Western European markets. In Western markets such as the UK, France or Germany, consumers are much more likely to rely on PCs or Smart TVs for streaming content than they are smartphones.



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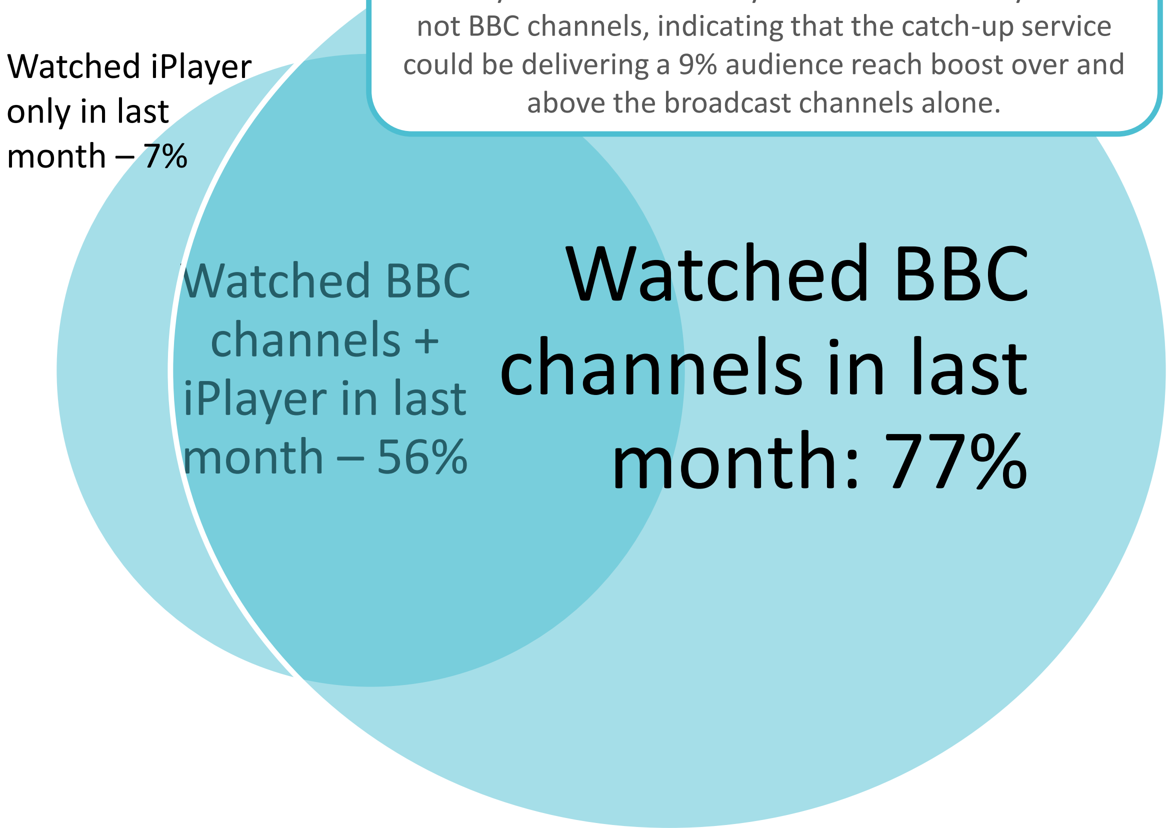
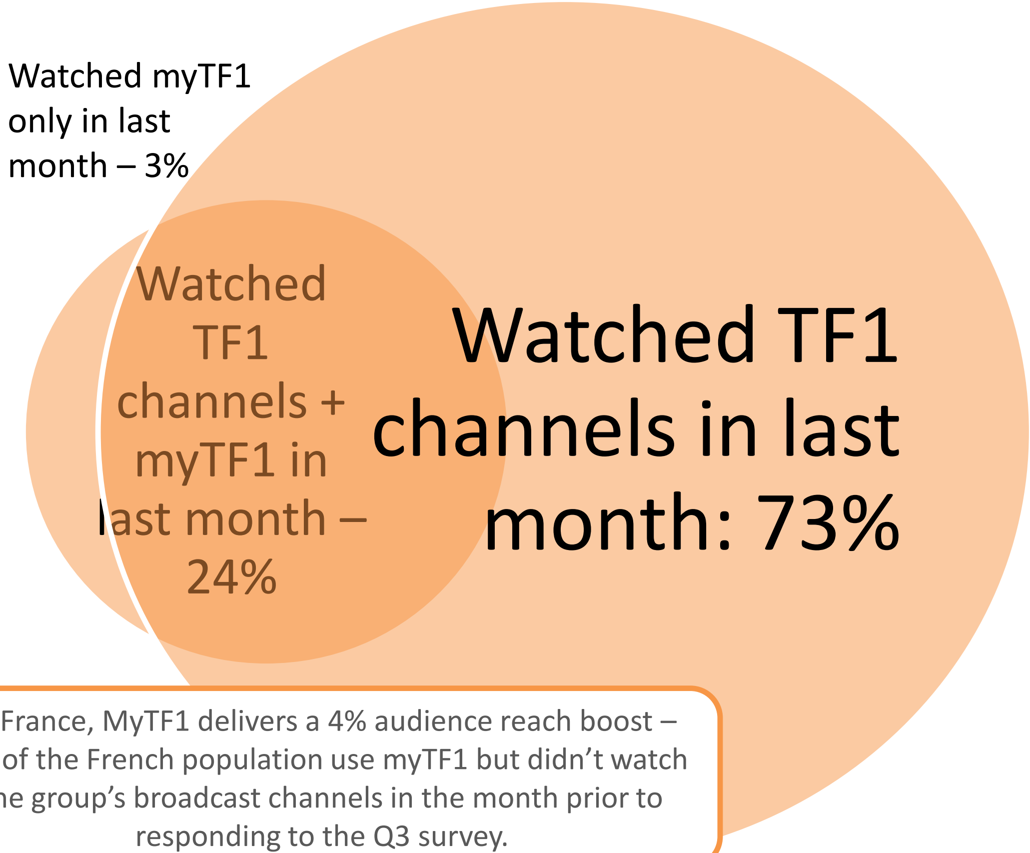
Broadcasters are regaining 'lost' audience reach through OTT offerings…

Of UK internet users, 77% (self-reported) watched BBC channels in the month preceding the Q3 2017 Ampere survey. 56% watched iPlayer. 7% watched iPlayer but not BBC channels, indicating that the catch-up service could be delivering a 9% audience reach boost over and above the broadcast channels alone.





In France, MyTF1 delivers a 4% audience reach boost – 3% of the French population use myTF1 but didn't watch the group's broadcast channels in the month prior to responding to the Q3 survey.

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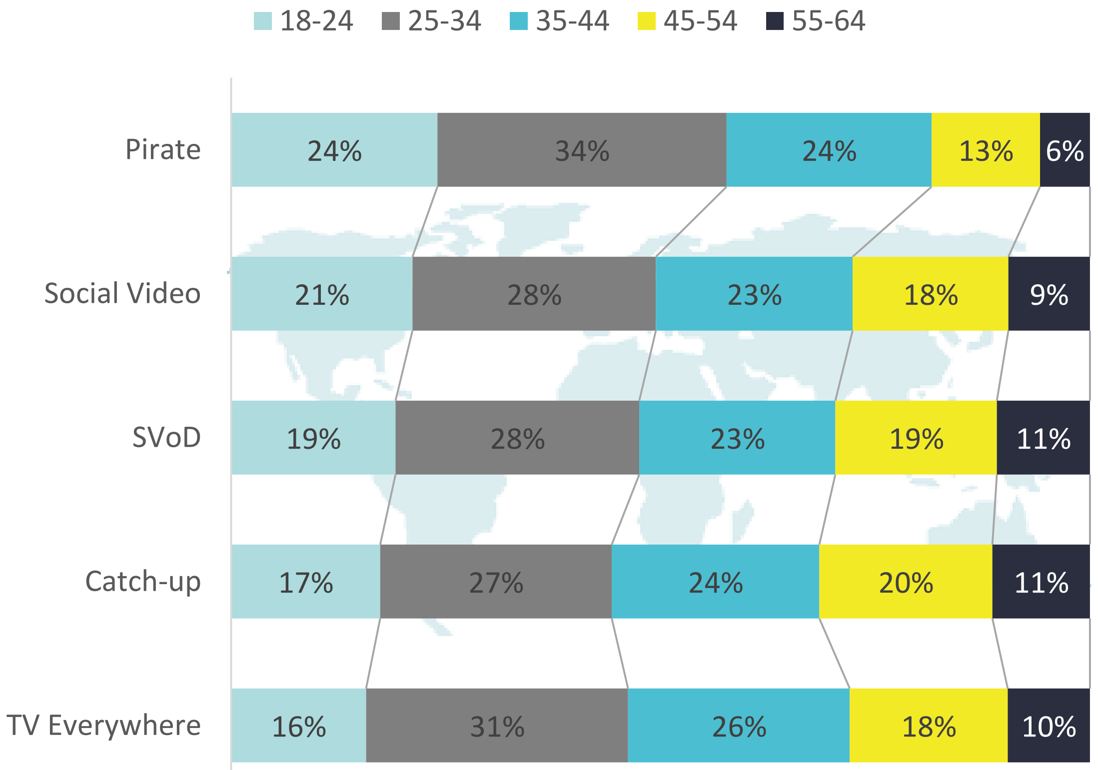
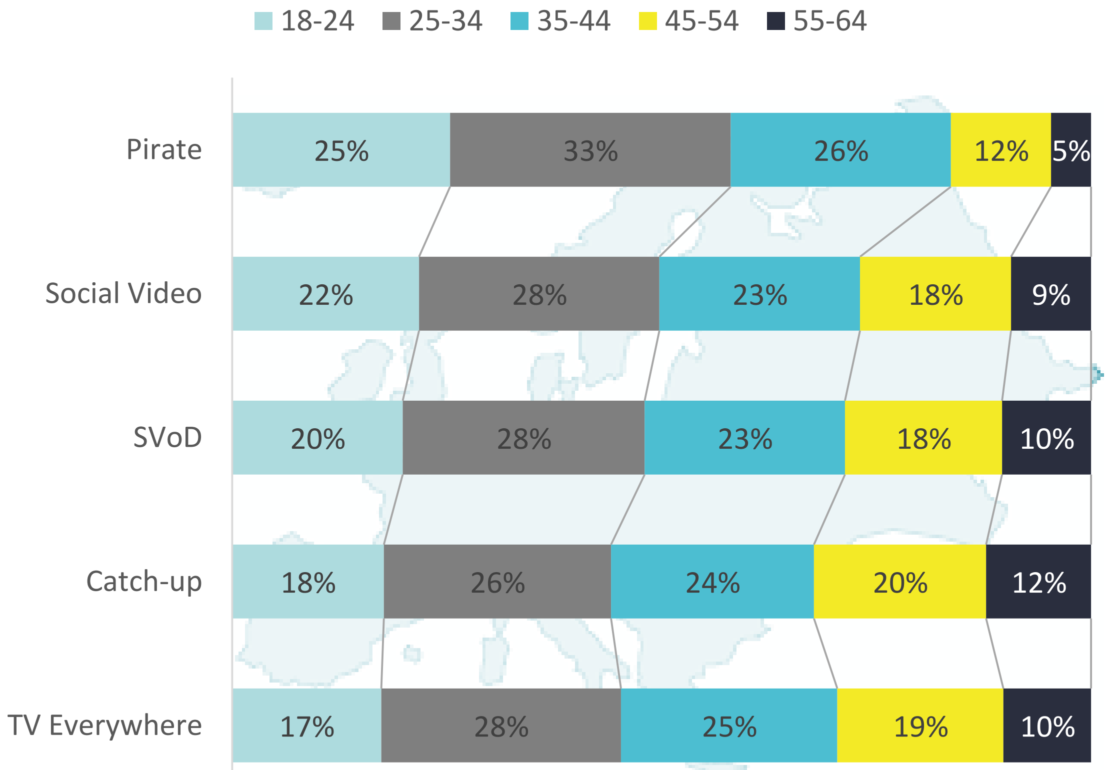
…and are more effectively reaching older consumers than other OTT services

14 global markets: Share of monthly users, by age (%)



Europe: Share of monthly users, by age (%)



Catch-up and operator-led TV Everywhere services are more effectively reaching older consumers than social video and SVoD players

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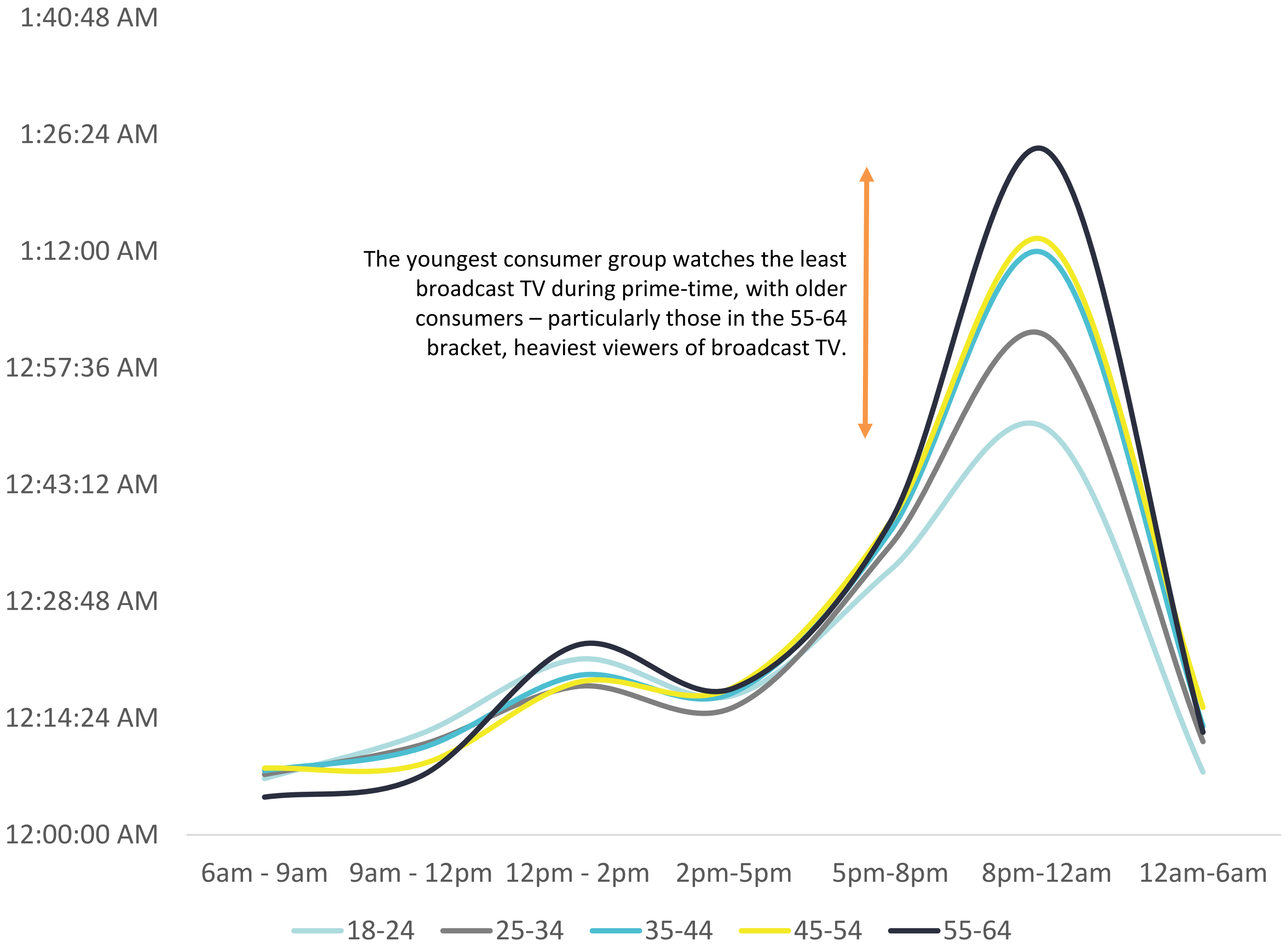
Significant differences in terms of broadcast viewing by age bracket

- Unsurprisingly, older French consumers are more avid viewers of broadcast content, while younger consumers watch the least broadcast TV

France example: Time spent viewing broadcast TV, by age bracket (self-reported), h:m:s



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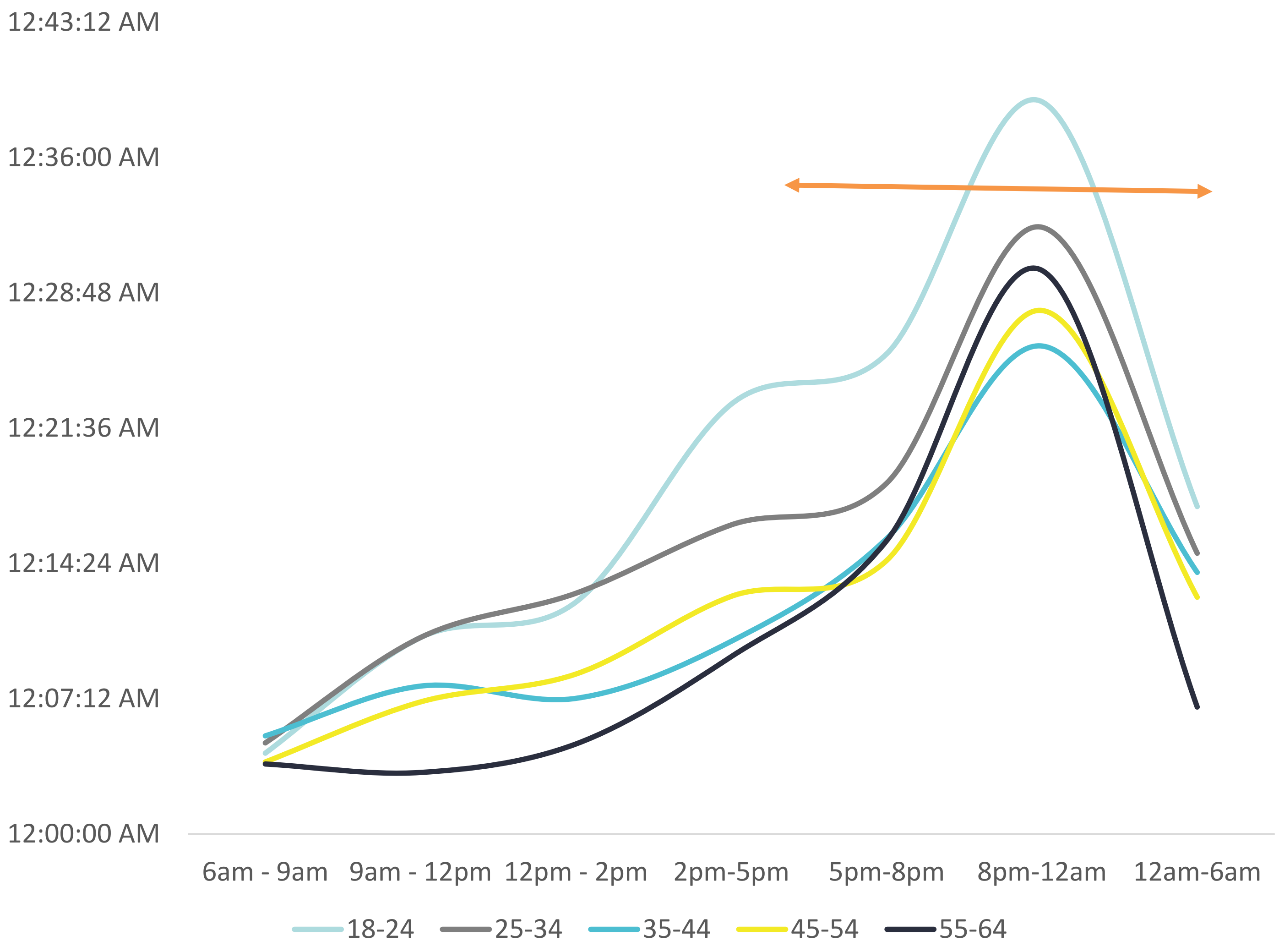
France example: Time spent viewing on-demand TV, by age bracket (self-reported), h:m:s



On-demand more effectively reaching younger brackets, extending prime-time

- On-demand service viewing has less of a prime-time peak than scheduled broadcast TV, and younger age brackets watch substantially more VoD.
- Prime-time is effectively extended, as VoD aids viewing flexibility – peaks on mobile devices during lunchtime, particularly among younger viewers.

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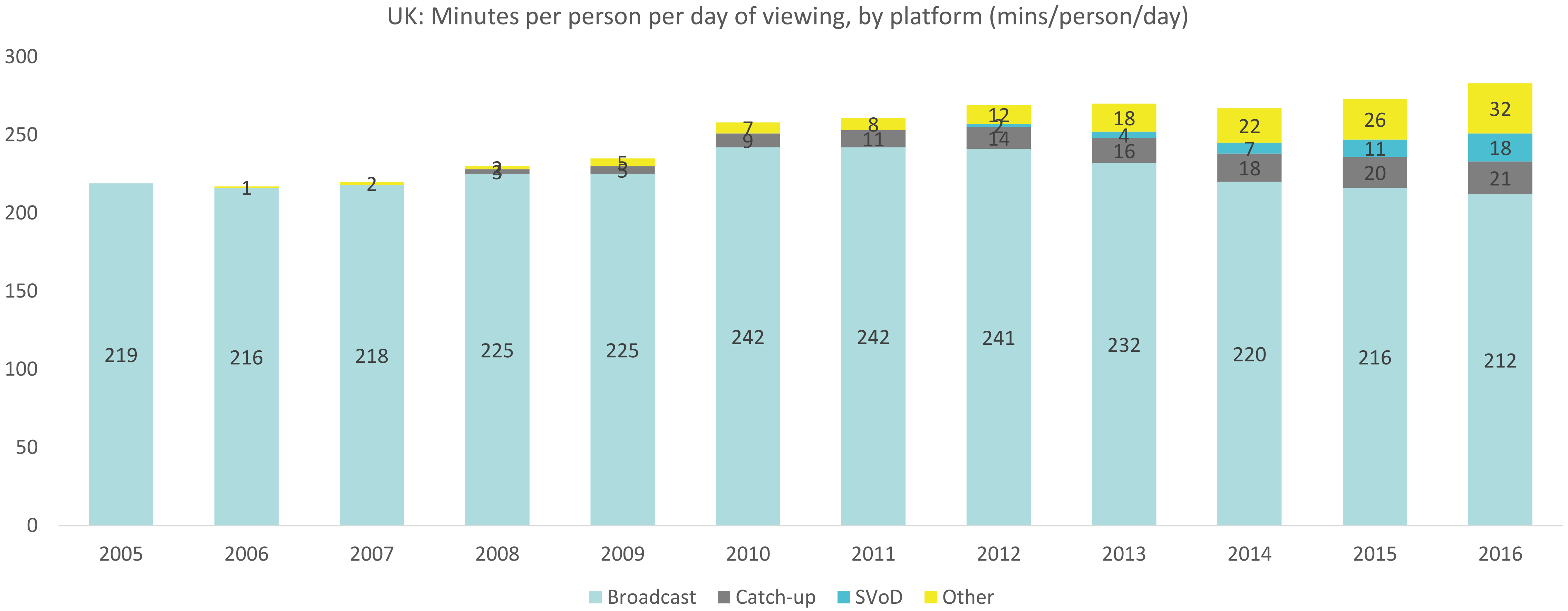
This means that online viewing tends to be (partly) complementary



Source: BARB, Zenith, Ampere models and estimates. *Note, YouTube and Facebook estimates are indicative only.*

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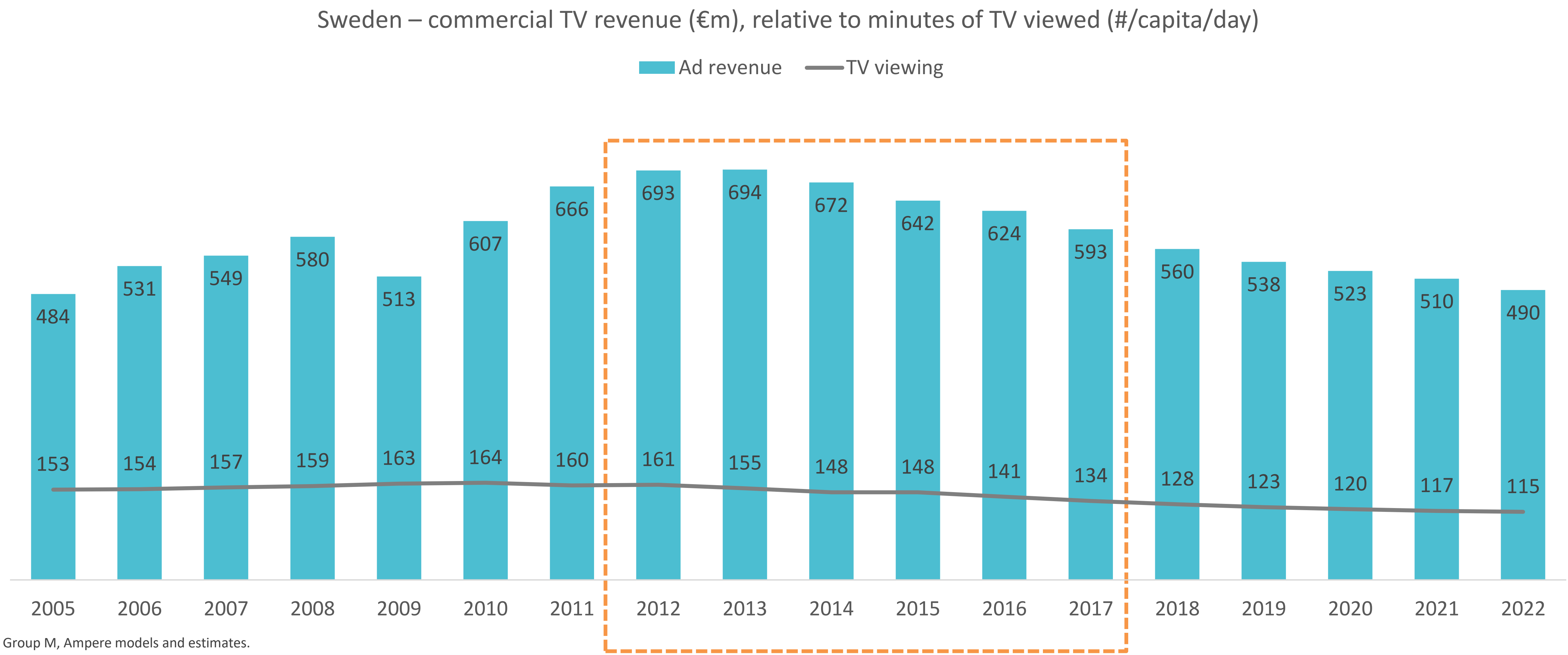
But changes in viewing patterns do eventually feed through to revenue



Source: MMS, Group M, Ampere models and estimates.

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